



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

March 4, 2002

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)
DIRECTOR, DEFENSE LOGISTICS AGENCY
NAVAL INSPECTOR GENERAL
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit of the DoD Source Approval Process for Service and Sales Incorporated
(Project No. D2002CH-0095)

We plan to start the subject audit in March 2002. This audit will be conducted in response to allegations to the Defense Hotline. The overall objective is to determine whether the DoD source approval process effectively approved Service and Sales Incorporated as a potential source of supply for spare parts included on a licensing agreement with Honeywell International Incorporated. We will review the management control program as it relates to our overall audit objective. We will fully consider suggestions from management on additional or revised audit objectives.

We plan to visit the Defense Logistics Agency, DoD Engineering Support Activities, and Service and Sales Incorporated. Other DoD organizations or contractor sites to be visited may be identified during the audit.

Please designate a point of contact and furnish the name and telephone number to Mr. Henry F. Kleinknecht at (703) 604-9324 (DSN 664-9324), (hkleinknecht@dodig.osd.mil) or Mr. Ronald W. Hodges at (703) 604-9592 (DSN 664-9592), (rhodges@dodig.osd.mil).

David K. Steensma
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Acting Assistant Inspector General
for Auditing